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EU/US TRADE BALANCE SWINGS BACK AND FORTH

The EU's trade balance in goods with the USA bounced back into credit last year, Eurostat – the Statistical Office of the European Communities in Luxembourg – reports¹ today. It registered a surplus of 1.6 billion ECU. In 1995 it was 1.4 billion ECU in the red. Exports grew by 11.8% to 114.2 billion. But imports were up by only 8.7% to 112.7 billion ECU. This resulted in an EU cover ratio (exports as % of imports) of 101 compared with 99 in 1995.

Last year the US accounted for 19.5% of total extra-EU imports of goods and 18.3% of exports. In addition, 37.9% of total EU outflows of foreign direct investment (FDI) went to the United States and 70.1% of EU FDI inflows came from there.

Today's report also describes the 'impressive evolution' of trade in services between the USA and the European Union.

Import of goods

From 1992-96 imports from the USA rose by an annual average of 5%.

Manufactured products worth 91.4 billion ECU represented 81% of all imports from the USA last year. Machinery and transport equipment valued at 53.1 billion accounted for 47% of total imports, largest share of any product group.

Imports of chemicals – 12.5% of total EU imports from the US – showed the biggest growth, up 15% between 1995 and 1996. Purchase of crude materials except fuels fell by 8.4%.

Around half of all EU imports of professional, scientific and controlling instruments (6.4 billion) came from the States.

The four biggest EU importers were the UK (25.7% of the EU total), Germany (18.2%), France (13.5%) and the Netherlands (11.2%).

All member states except Ireland (-2.4%) increased their US imports last year. Biggest rises were in Finland (20.9%) and Greece (15.8%) with the UK, Belgium/Luxembourg and Austria 12% each.

Exports of good

From 1992-96, average annual growth of EU exports to the States was 9.5%. The main reason was a 10.4% rise each year in manufactured products.

Manufactured products worth 100.4 billion accounted for 87.9% of all EU sales to the US in 1995. Machinery and transport equipment (54.7 billion) represented 47.8% and the biggest slice of total transactions.

After falls in 1994 and 1995, exports of mineral fuels witnessed a dynamic rise of nearly 70% in 1996. Chemicals, with a rise of 18.2% over 1995, and food, drink and tobacco, up 13.5%, demonstrated the next largest rises.

Germany accounted for 27.5% of total EU exports to the USA, up 7.9% on 1995. The UK had a 20.8% share with a 15.1% rise. All Member States increased their exports. Very significant rises were recorded by Greece (40% up on 1995), Finland (26.5%), Ireland (26.8%), Belgium/Luxembourg (23.1%) and Sweden (20.8%).

Falls in direct investment

Today's report also covers flows of foreign direct investment (FDI) between the EU and the USA. EU FDI outflows to the United States fell from 22.7 billion ECU in 1995 – 51.1% of extra-EU outflows – to 18.2 billion in 1996, representing only 37.9%.

In EU outflows to the US, Germany recorded in 1996 the largest figure (4.6 billion), followed by France (4.5 billion) and the Netherlands (nearly 2 billion).

Sweden registered a -1.4 billion disinvestment in the US. Denmark (-239 million) and Finland (-66 million) also disinvested.

Although the EU FDI inflows from the US were down from 23.9 billion in 1995 to 19.2 billion in 1996, it still constitutes an impressive share of 70.1% in total extra-EU inflows.

In 1995, the highest inflow destination was the UK: 9 billion. Although US inflows to France fell by 31 between the two years, it remained the second biggest partner with 2.6 billion. In 1996, Germany reported a reduction in these flows – down to 185 million. Only Portugal (-97 million) recorded a negative flow.

Trade in services boosting

Today's report says trade in services between the EU and the USA shows 'an impressive evolution'. Data for 1995, latest available, show the USA covering almost 40% of total extra-EU imports and exports in services. Between 1992 and 1995 exports of services to the US rose from 63.9 billion ECU to 68.5 billion. Imports were up from 53.7 billion to 64.5 billion.

EU TRADE IN GOODS WITH USA

	Imports				Exports				Balance	
	1995 bn ECU	1996 bn ECU	95/96 %	1996 % share	1995 bn ECU	1996 bn ECU	95/96 %	1996 % share	1995 bn ECU	1996 bn ECU
EU	103.6	112.7	8.7	100	102.2	114.2	11.8	100	-1.44	1.59
Belgium/Lux	7.8	8.9	13.0	7.9	4.7	5.8	23.1	5.1	-3.09	-3.01
Denmark	1.5	1.6	5.1	1.4	1.5	1.6	6.7	1.4	0.02	0.04
Germany	19.3	20.5	6.4	18.2	29.2	31.5	7.9	27.5	9.89	10.98
Greece	0.6	0.7	15.8	0.7	0.3	0.4	40.0	0.3	-0.38	-0.38
Spain	4.8	5.0	4.4	4.4	2.9	3.3	12.6	2.9	-1.88	-1.72
France	14.3	15.2	5.6	13.5	13.7	14.6	6.5	12.8	-0.67	-0.58
Ireland	4.0	3.9	-2.4	3.4	2.8	3.5	26.0	3.1	-1.17	-0.35
Italy	7.5	8.0	6.1	7.1	12.8	14.4	12.6	12.6	5.27	6.43
Netherlands	11.6	12.6	8.3	11.2	4.9	5.0	1.5	4.4	-6.69	-7.58
Austria	1.6	1.8	12.1	1.6	1.3	1.4	7.5	1.2	-0.27	-0.36
Portugal	0.8	0.9	2.3	0.8	0.8	0.9	6.1	0.7	-0.03	0.00
Finland	1.2	1.4	20.9	1.3	2.0	2.6	26.5	2.3	0.87	1.17
Sweden	3.1	3.4	10.2	3.0	4.6	5.5	20.8	4.8	1.51	2.15
UK	25.5	29.0	13.6	25.7	20.7	23.8	15.1	20.8	-4.84	-5.19

KEY BALANCES - TRADE IN GOODS

	1995 bn ECU	1996 bn ECU	1996 cover ratio % exports/imports
Total extra-EU balance	25.9	43.9	108
EU balance with USA	-1.4	1.6	101

¹ Eurostat, Statistics in focus, External trade, no 9/97, *EU-USA trade and investment: an overview*.

1 ECU = \$1.11 on December 8, 1997

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